

4 April 2022

Dear Shareholder

It has now been over two weeks since Virtus Health Limited (“Virtus”, ASX: VRT) announced that it had entered into a Transaction Implementation Deed on 13 March 2022 (“Deed”) with an entity controlled by CapVest Partners LLP (“CapVest”). CapVest Partners LLP is a London based private equity firm with more than €5 billion in assets under management.

As Chair of Virtus, I would like to take the opportunity to provide you, our shareholders, with an update on progress in moving forward with this transaction.

Background

In recent months, Virtus has received six competing proposals to acquire Virtus from CapVest and BGH Capital Pty Ltd (“BGH”). This bidding contest culminated in Virtus signing the Deed with CapVest.

As announced to the ASX on 14 March 2022, under the Deed, CapVest has undertaken to:

- acquire 100% of Virtus by way of scheme of arrangement (“Scheme”) offering total value to Virtus shareholders of \$8.25 cash per share; and
- make a simultaneous off-market Takeover Offer offering total value to Virtus shareholders of \$8.10 cash per share,

in each case less the value of any dividends or distributions declared or paid after the date of the Deed, including the \$0.12 per share dividend which will be paid by Virtus on 14 April 2022.

Details of the CapVest transaction

Virtus has agreed with CapVest that the Virtus Board is permitted to pay a fully franked special dividend of up to 44 cents per share at any time on or before the implementation of the CapVest transaction. The special dividend could have up to approximately 19 cents per share in franking credits attached.

The amount payable under the CapVest transaction (both under the Scheme or Takeover Offer) will be reduced by the amount of any such special dividend (but not the value of any franking credits). Virtus intends to apply to the ATO for a class ruling on the tax treatment of any such special dividend in the hands of Australian resident shareholders.

If the Scheme is approved, Virtus shareholders will be entitled to receive \$8.25 cash per Virtus share, less the 12 cents interim dividend to be paid on 14 April 2022 and a special dividend of up to 44 cents per share. A meeting to allow shareholders to vote on the

Scheme is currently anticipated to be held in June 2022, and your Board will provide you with a detailed booklet well before that meeting.

For the Scheme to be approved, 75% of the votes cast on the resolution at the meeting and more than 50% (in number) of Virtus shareholders, must vote in favour of the resolution.

Given BGH, the rival underbidder who holds 19.99% of the shares in Virtus, has stated it will vote against the Scheme in respect of any Virtus shares it then holds, the ability of Virtus shareholders to secure an additional 15 cents per Virtus share under the Scheme (as opposed to the Takeover Offer) will depend on other Virtus shareholders voting in its favour.

It is important that every shareholder votes because every vote will increase the likelihood of all shareholders receiving \$8.25 per share (less the 12 cents interim dividend to be paid on 14 April 2022 and a special dividend of up to 44 cents per share) under the Scheme.

If the Scheme is not approved by shareholders, the Takeover Offer will be available and shareholders who accept will receive \$8.10 cash per Virtus share (less the 12 cents interim dividend to be paid on 14 April 2022) if the Takeover Offer becomes unconditional. For those shareholders who accept the Takeover Offer and hold their Virtus shares on the relevant record dates, this \$8.10 per Virtus Share will be made up of:

- 12¢ fully franked interim dividend to be paid on 14 April; plus
- up to 44¢ in a fully franked special dividend, plus
- a \$2.67 return of capital (increased to the extent the special dividend is not paid in full), plus
- \$4.87 cash consideration per share from CapVest.

The return of capital will require shareholder approval, and the meeting to consider that resolution will occur on the same date as the meeting to consider the Scheme. Virtus intends to seek an ATO class ruling in relation to such a return of capital to provide shareholders with confirmation on specific Australian tax implications associated with that amount. Virtus is preparing such an application and expects to lodge it with the ATO shortly.

Virtus Board Recommendation

In reaching its unanimous decision to enter into the Deed in the best interests of Virtus shareholders, the Virtus Board carefully considered the following factors:

- the Board's view of the intrinsic value of Virtus;
- the certainty in value of the CapVest transaction at more than a 58% premium (for the Scheme) and 55.5% premium (for the Takeover Offer) to the undisturbed Virtus share price on 13 December 2021, being the last closing price before the first announcement that Virtus had received an unsolicited proposal from BGH;
- the fact that the CapVest transaction is fully funded and binding, and subject to only limited conditions, none of which are within the control or discretion of CapVest (noting that on 25 March, Virtus announced that CapVest has successfully obtained FIRB approval for the transaction);
- the value of a binding and certain fully funded transaction in light of increased uncertainty and volatility in the global economy and global equity and debt markets;
- the support for the CapVest transaction indicated by our key stakeholders and the general positive feedback received from Virtus shareholders; and
- the fact that the Deed has a customary "fiduciary out" provision, which means the Board is obliged to fully consider any subsequent competing proposals that are or may reasonably be expected to lead to a superior proposal to the CapVest offer.

Your Board unanimously recommends the CapVest Scheme in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of Virtus shareholders. In the event the Scheme is not approved, the Virtus Board unanimously recommends the CapVest Takeover Offer in the absence of a superior proposal and subject to an independent expert concluding that the Takeover Offer is fair and reasonable.

All directors intend to vote in favour of the Scheme (and accept into the takeover), in the absence of a superior proposal and subject to an independent expert concluding that the Scheme is in the best interests of Virtus shareholders and that the Takeover Offer is fair and reasonable.

Additional information and details will be set out in a booklet that we expect to send to you in early May.

The booklet will have all the information that Virtus shareholders need to understand their options under the Scheme and the Takeover Offer. If Virtus shareholders want to have the ability to receive the \$8.25 per share, less the 12 cents interim dividend and any special dividend, that the Scheme offers, you will need to ensure you show your support for the Scheme by voting in favour of the Scheme.

Next steps

We have established a dedicated microsite on the Investor page of the Virtus Website with further information relating to this transaction. I encourage you to spend time on this site to keep up to date on progress. We will, from time to time, post updates and answer frequently asked questions via this site (as well as via the ASX). Please access the transaction site here: www.virtushealth.com.au/virtus-health-transaction. If you wish to receive electronic shareholder communication going forward please provide your details to Link: <https://investorcentre.linkmarketservices.com.au/Login.aspx/Login?issuer=vrt>

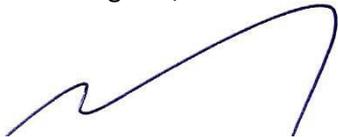
We are making good progress with the booklet for Virtus shareholders and anticipate that this document will be sent to shareholders in early May 2022. The booklet will contain information relating to the Scheme and the Takeover Offer, as well as the capital return and the associated tax treatment. It will also contain an Independent Expert's Report on whether the Scheme is in the best interests of shareholders and whether the Takeover Offer is fair and reasonable.

Following the distribution to Virtus shareholders of the booklet, we will have meetings with Shareholders to consider the Scheme and the return of capital in early June 2022.

We encourage you to all vote in favour of the Scheme and we will be in further contact with you to help facilitate this process once you have received the booklet.

Thank you for your support and your interest in Virtus.

Best regards,

A handwritten signature in blue ink, appearing to read "Sonia Petering". The signature is fluid and cursive, with a prominent arch at the end.

Sonia Petering
Chair

This announcement is authorised by the board of directors of the Company.